

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 170

BY EDUCATION COMMITTEE

AN ACT

RELATING TO PAY FOR SUCCESS CONTRACTING; AMENDING CHAPTER 1, TITLE 33, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 33-125B, IDAHO CODE, TO PROVIDE THAT THE STATE DEPARTMENT OF EDUCATION MAY ENTER INTO PAY FOR SUCCESS CONTRACTS, TO PROVIDE CONTRACT REQUIREMENTS, TO PROVIDE FOR AN EXTERNAL EVALUATOR, TO PROVIDE FOR INVESTOR MONEYS, TO PROVIDE FOR A THIRD PARTY ADMINISTRATOR, TO ESTABLISH AN OVERSIGHT COMMITTEE, TO PROVIDE REPORTING REQUIREMENTS AND TO DEFINE TERMS.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Chapter 1, Title 33, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW SECTION, to be known and designated as Section 33-125B, Idaho Code, and to read as follows:

33-125B. PAY FOR SUCCESS CONTRACTING -- DUTIES OF THE STATE DEPARTMENT OF EDUCATION. (1) The state department of education may enter into contracts for approved services. The department may issue a request for information for a contract upon identification of a need for a special service, or interested parties may identify a need for service within the department and submit a proposal to the department to negotiate a contract. Any contract entered into pursuant to this section shall provide for:

- (a) An evidence-based program delivered by the service provider designed to enhance student academic achievement;
- (b) Mutually agreed upon grade-level performance targets and efficacy standards;
- (c) Identified source of department moneys from which savings will be realized;
- (d) An external evaluator who shall have expertise in all of the following areas:
 - (i) Education;
 - (ii) Program evaluation and assessment;
 - (iii) Collection and maintenance of program data;
 - (iv) Demonstrated ability to link an individual student's data from grade to grade; and
 - (v) Knowledge of the Idaho-specific academic performance scores used to demonstrate efficacy of the service provider's program;
- (e) The state's payment obligations if the efficacy standards are met under the contract;
- (f) Terms under which the state may terminate the contract;
- (g) An annual audit to be performed by a certified public accountant; and
- (h) A mutually agreed upon formula for the distribution of savings realized by the service provider program.

1 An external evaluator shall approve the negotiated contract provisions re-
 2 relating to efficacy standards before the department may enter into any such
 3 contract.

4 (2) Investor moneys shall be adequate to cover all contract costs.

5 (3) The third party administrator shall:

6 (a) Manage all moneys pursuant to subsection (2) of this section;

7 (b) When appropriate, direct payments to be made under the terms of the
 8 contract;

9 (c) Ensure an annual audit is conducted under the terms of the contract;

10 (d) Issue financial reports as required by the contract; and

11 (e) Complete all other compliance requirements of state or federal law.

12 (4) The department shall approve the local education agencies (LEA)
 13 from which each cohort will be chosen. The priority for selection of LEAs
 14 shall be given to:

15 (a) LEAs reporting the greatest number of students who are not profi-
 16 cient to meet grade-level performance targets being used to evaluate
 17 the service provider's program;

18 (b) LEAs reporting the greatest number of students on free and reduced
 19 lunch; and

20 (c) LEAs in different regions of the state.

21 The selection of cohorts shall be made by mutual agreement between the ser-
 22 vice provider and the approved LEA.

23 (5) The external evaluator shall:

24 (a) Determine whether the service provider has met the agreed upon ef-
 25 ficacy standards under the terms of the contract by determining the out-
 26 comes for each cohort based on the following criteria:

27 (i) Whether there was an increase in the number of children profi-
 28 cient to meet grade-level performance targets at levels specified
 29 in the contract; and

30 (ii) Calculate moneys no longer expended or distributed by the de-
 31 partment for intervention or remediation as specified in the con-
 32 tract;

33 (b) Annually report the service provider efficacy standards to the de-
 34 partment; and

35 (c) Report the service provider efficacy standards to the third party
 36 administrator for the purpose of determining whether payment should be
 37 made under the terms of the contract.

38 (6) An oversight committee is hereby created for the purpose of decid-
 39 ing whether or not the state department of education will enter into a nego-
 40 tiation with an interested party under this section, and for the purpose of
 41 monitoring contracts entered into under this section. The committee shall
 42 meet as often as is necessary to fulfill its obligations under this subsec-
 43 tion. The committee shall consist of the following people:

44 (a) The chief financial officer of the state department of education;

45 (b) The subject matter expert at the state department of education;

46 (c) A representative from the state controller's office;

47 (d) The house of representatives education committee chairman; and

48 (e) The senate education committee chairman.

1 (7) The state department of education shall report to the legislature
2 on or before February 1 of each year on all contracts entered into pursuant to
3 this section.

4 (8) As used in this section:

5 (a) "Cohort" means a group of individuals who enter the service
6 provider's program on the same date.

7 (b) "Department" means the state department of education.

8 (c) "External evaluator" means the entity that is responsible for de-
9 termining the efficacy of a service provider's program.

10 (d) "Investor" means an individual or entity that provides the capital
11 for the services specified in a contract.

12 (e) "Local education agency" or "LEA" means a public authority legally
13 constituted by the state as an administrative agency to provide control
14 of and direction for kindergarten through grade 12 public educational
15 institutions.

16 (f) "Service provider" means an organization that implements an evi-
17 denced-based program that conforms to the terms of the contract.

18 (g) "Third party administrator" means an SSAE-16 compliant firm or a
19 firm licensed under chapter 2, title 54, Idaho Code, that manages all
20 moneys deposited pursuant to this section and controlled by a contract.